

19 ☐ ☐ Nonresident Withholding Waiver Request

588

Part I TYPE OF INCOME SUBJECT TO WITHHOLDING (please check appropriate box)

☐ Partnership
 ☐ Limited Liability Company (LLC)
 ☐ Payment to Independent Contractor
 ☐ Rents or Royalties
 ☐ Estate or Trust Distribution
 ☐ Other Payments _____ (Specify)

Part II REQUESTER INFORMATION

Name of requester _____ ☐ Social security number ☐ California corporation number ☐ FEIN
 Address _____ Attention or care of name _____
 City _____ State _____ ZIP code _____ Daytime telephone number () _____

Part III WITHHOLDING AGENT INFORMATION

Name of Withholding Agent, Partnership, LLC, Estate or Trust (If more than one, attach a separate list.)

Address _____ City _____ State _____ ZIP code _____
 Name of contact person _____ Telephone number () _____ FAX number () _____
 Social security number _____ ☐ California corporation number ☐ FEIN

If more space is needed, please attach a separate list.

☐ Check the box if you would like a copy of the reply sent to the withholding agent.**Part IV VENDOR/PAYEE INFORMATION**

Names of Vendors/payees	Social security number, California corporation number or FEIN	Reason for Waiver request (See below. Use the applicable letter codes.)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

If more space is needed, please attach a separate list.

Part V REASON FOR WAIVER REQUEST

- A** Vendor/payee is presently filing California state income tax return(s) and/or making estimated tax payments when required.
B Tiered partnership or LLC – Supply names, addresses and FEINs of tiered partnerships or LLCs.
C Partner(s) or member(s) included in composite return.
D Vendor/partner/member is a corporation that is not qualified to do business and does not have a permanent place of business in California but is filing a tax return based on a combined report with a corporation that does have a permanent place of business in California.
E Partner or member is a newly admitted partner or member. A newly admitted partner or member is any entity that becomes a partner or member in the above-listed partnership or LLC after the end of the partnership's or LLC's taxable year.
F Other – Attach specific reason and your calculation of the reduced rate to this request. Include substantiation such as, detailed estimate of annual California source income and income from all sources. Also include an estimate of annual income and distributions from the above-listed partnership(s), LLC(s), estate(s) or trust(s).

Part VI PERJURY STATEMENT

Under penalties of perjury, I declare that I have examined this request, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than withholding agent, partner or member) is based on all information of which preparer has any knowledge.

REQUESTER'S SIGNATURE _____ TITLE _____ DATE _____

For Privacy Act Notice, see form FTB 1131 (individuals only).

Do not write in this space.

I: _____ T: _____ A: _____ E: _____ R: _____
 F: _____ OTHER: _____

Instructions for Form 588

Nonresident Withholding Waiver Request

General Instructions

A Purpose

Use Form 588 to request a waiver or a reduced withholding rate on payments of California source income to nonresident vendors/payees.

Do not use Form 588 to request a waiver or reduced withholding rate if you are a:

- **Foreign partner or member.** There are no provisions in the California Revenue and Taxation Code (R&TC) to waive or reduce withholding for foreign partners or members; or
- **Nonresident seller of California real estate.** Nonresident sellers of California real estate should use Form 597-A, Nonresident Withholding Waiver Request for Real Estate Sales.

Form 588 does not apply to payments for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information contact your local EDD office.

B Law

The R&TC Section 18662 and the related regulations require withholding of income or franchise tax on certain payments made to nonresidents for income received from California sources. The withholding rate is 7% unless a reduced rate or a waiver is approved by the Franchise Tax Board (FTB).

C Income Subject to Withholding

The items of income subject to withholding include, but are not limited to:

- Compensation for services performed in California by nonresidents (including payment of expenses). For more information, get FTB Pub. 1023, Nonresident Withholding — Independent Contractor, Rent and Royalty Guidelines, or FTB Pub. 1024, Nonresident Withholding — Entertainment Guidelines;
- Rent paid to nonresidents if the rent is paid in the course of the withholding agent's business;
- Royalties paid to nonresidents for the right to use natural resources located in California;
- Distributions of California source income to nonresident beneficiaries from an estate or trust;
- Prizes and winnings received by nonresidents for contests in California;
- Distributions of California source income to a domestic (nonforeign) nonresident partner or member. For more information get FTB Pub. 1017, Nonresident Withholding — Partnership Guidelines;
- Partnership or Limited Liability Company (LLC) income, gain or (loss) allocable under the Internal Revenue Code (IRC) Section 704 to a foreign nonresident partner or member.
Note: There are no provisions in the California R&TC to waive or reduce withholding for foreign partners or members; and
- Other California source income paid to nonresidents.

Compensation for services includes payments for services rendered in California, commissions paid to salespersons or agents for orders received or sales made in California, fees for professional services rendered in California, and payments to entertainers, wrestlers, boxers, etc., for performances in California.

When compensation is paid for services performed both within and outside of California, the portion paid for services rendered in this state and subject to withholding should be determined by an allocation.

Refer to Form 587, Nonresident Income Allocation Worksheet.

D Exceptions to Withholding

Withholding is not required when:

- The payment is for goods;
- The payment is being made to a resident of California, a corporation, a partnership or an LLC that has a permanent place of business in California. Form 590, Withholding Exemption Certificate, can be used by vendors/payees to certify that they are residents of California or have a permanent place of business in California. Withholding agents should keep the signed form containing this certification and should provide it to the FTB upon request. Withholding agents are relieved of the withholding requirements if they rely in good faith on a signed certification (Form 590) that the vendor/payee is a resident of California or has a permanent place of business in California. If the resident, corporation, partnership or LLC that has a permanent place of business in California is acting as an agent for the actual vendor/payee, this exception does not apply;
- The withholding agent's total payments of California source income to the vendor/payee are \$1,500 or less for the calendar year;
- The payments are for income from intangible personal property, such as interest and dividends unless derived in a trade or business or the property has acquired a business situs in California;
- The payments are for services performed outside of California or for rents, royalties and leases on property located outside of California. If nonresidents occasionally enter California to perform duties contracted entirely outside of California (such as reporting, receiving instructions, accounting, etc., incidental to their duties outside of California), such activity will not subject them to withholding requirements;
- The vendor/payee is a tax-exempt organization under either California or federal law (attach a completed Form 590 to certify);
- The vendor/payee receives a written authorization from the FTB waiving the withholding;
- The domestic (nonforeign) nonresident partner or member provides the partnership or LLC with a signed Form 590-P, Nonresident Withholding Exemption Certificate for Previously Reported Income of Partners and Members; or
- The income of nonresident partners or members, including a bank or corporation, is derived from qualified investment securities of an investment partnership.

E Who May Complete this Form

The withholding agent, partnership, LLC, vendor/payee, estate or trust may complete and sign this form.

F When and Where to File

Submit waiver or reduced rate requests as early as possible before making a payment in order to give the FTB time to review the request.

Send Form 588 to:

NONRESIDENT VENDOR OR
PARTNERSHIP WAIVERS
FRANCHISE TAX BOARD
PO BOX 651
SACRAMENTO CA 95812-0651
FAX (916) 845-4831
(available 24 hours a day)

G General Information

If a request is granted, the FTB will issue a withholding waiver. A withholding agent must have received a withholding waiver authorizing a reduced rate or a waiver of withholding before reducing or eliminating withholding on payments made to nonresidents. The withholding agent should retain the waiver for a minimum of five years.

Withholding waivers issued by the FTB apply only for the limited purpose of determining the withholding obligation under R&TC Section 18662. They do not apply to the taxability of income. The maximum period of time for which a withholding waiver is effective is two years from the date the waiver is granted. If you previously received a waiver or reduced withholding authorization and wish to have it extended, submit a new request on Form 588 and attach a copy of the original authorization letter. The acceptance of evidence submitted with the application is not binding on the FTB for any purpose other than for issuing of a withholding waiver.

Use Form 592, Nonresident Withholding Annual Return; Form 592-A, Nonresident Withholding Remittance Statement; and Form 592-B, Nonresident Withholding Tax Statement, to report and remit withholding to the FTB.

H Where to Get Additional Information

For additional information about nonresident withholding, get FTB Pub. 1017, 1023 or 1024 or contact the Withhold-at-Source Section at (916) 845-4900.

Specific Instructions

Complete the entire form and attach the information supporting your request. Failure to include necessary information and documents may delay issuance of, or result in the denial of, the waiver or reduced rate request.

Part I – Check the box indicating the type of payment for which a waiver or reduced withholding is being requested.

Part II – Enter the name, address and to whose attention the withholding certificate is to be mailed. Include a daytime telephone number we can call if additional information is needed.

Part III – List the name of the withholding agent, partnership, LLC, estate or trust making the payments. Attach additional forms or a list if there is more than one name.

Part IV – List the names and social security numbers, California corporation numbers or FEINs of the nonresident vendors/payees. Attach additional forms if necessary.

Under Reason for Request, enter the letter code of the reason for the waiver request from those listed in Part V.

Part V – This is a list of the most common reasons for requesting a waiver and the information needed to substantiate the request.

Part VI – Sign and date the request.